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## The Canada-Mexico Relationship: The Unfinished Highway

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### EXECUTIVE SUMMARY

This paper sets out to illustrate the nature of the Canada-Mexico bilateral relationship and to identify some of the potential areas for mutual cooperation. In the remarkably short span of the last ten years, Canada and Mexico have developed a more dynamic and mature relationship based on frequent exchanges within ad hoc working groups and informal exchanges that cover a broad range of economic, political and social issues, including human rights, elections, good governance, federalism, and trade; all of them priority areas for Canada's foreign policy. While this strategy has enabled both countries to deal with these issues in a very flexible way and with visible and concrete results, thus facilitating the strengthening of their bilateral relationship, this relationship is practiced in so many areas at lower levels of government that although effective it remains invisible for the people who are not involved in it directly. The challenge for these two countries as they try to redefine their foreign policy (and with it their role in the world) is to build on the achievements of this bilateral relationship and to use them as a basis for joint actions in other regional settings.

### RESUMEN

Este trabajo busca elucidar la naturaleza de las relaciones entre Canadá y México e identificar algunas de las áreas en las que ambos países podrían colaborar. En un lapso de apenas diez años, estos países han sido capaces de establecer una relación más dinámica y madura basada en intercambios frecuentes en grupos de trabajo ad hoc y encuentros informales que abarcan una amplia gama de asuntos económicos, políticos, y sociales, incluyendo derechos humanos, elecciones, buen gobierno, federalismo, y comercio, todos ellos asuntos prioritarios dentro de la agenda de política exterior de Canadá. Si bien esta estrategia le ha permitido a ambos países tratar estos asuntos de una manera muy flexible, con resultados concretos y visibles—lo que ha contribuido al fortalecimiento de su relación bilateral—buena parte de los intercambios que definen esta relación bilateral se llevan a cabo en tantas áreas y a nivel de funcionarios de gobierno, que aunque muy efectivos, son invisibles para aquellas personas que no se encuentran involucradas en esta relación. El reto de estos dos países al tratar de redefinir los lineamientos de política exterior (y con ello su papel en el mundo) es que sean capaces de construir sobre los logros anteriores de la relación las bases para futuras acciones comunes en otros espacios regionales.



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## RÉSUMÉ

Ce document traite de la nature de la relation bilatérale entre le Canada et le Mexique et identifie certains secteurs pouvant donner lieu à une coopération mutuelle. Dans la période de temps extrêmement courte des dix dernières années, le Canada et le Mexique ont développé une relation dynamique et stable fondée sur des échanges fréquents dans le cadre de groupes de travail spéciaux et d'échanges informels couvrant un large éventail de sujets d'ordre économique, politique et social, notamment les droits humains, les élections, la gouvernance, le fédéralisme et le commerce; secteurs qui sont tous prioritaires pour la politique extérieure du Canada. Cette stratégie a permis aux deux pays d'aborder ces questions en faisant preuve de flexibilité, d'obtenir des résultats visibles et concrets, et contribué à renforcer leur relation bilatérale; toutefois, cette relation étant mise en œuvre dans de très nombreux secteurs et à des échelons de gouvernement moins élevés, elle demeure, malgré son efficacité, invisible pour les personnes qui n'y participent pas directement. Le défi pour ces deux pays qui tentent de redéfinir leur politique extérieure (et leur rôle dans le monde) est de tirer parti des réussites attribuables à cette relation bilatérale et de les utiliser comme base pour des actions communes dans d'autres parties de la région.

## INTRODUCTION

In the last decade, the bilateral relationship between Canada and Mexico has become more dynamic not just in economic but also in social and political terms. For many, the signature of the North American Free Trade Agreement (NAFTA) was expected to provide the means to foster a stronger Canada-Mexico relationship just as the NAFTA superhighway would have connected Quebec City with Monterrey.<sup>1</sup> As of now, however, only certain sections of that highway have been completed. Similar to the fate of the NAFTA superhighway, the bilateral relationship between Canada and Mexico is far from realizing its full potential. At times, the two countries risk losing their way when they, necessarily, turn their gaze at the United States.

Without doubt, this is related to the nature of their individual relationships with the United States. In the past, many analysts thought that the asymmetric relationships that Canada and Mexico have with the United States would naturally drive them together, as a means to increase their leverage vis-à-vis that country. Ten years later, this strategic option has not materialized. Although NAFTA has brought these two countries significantly closer, it has not been sufficient to encourage them to seriously assess that option. Bilateral dealings with the United States continue to be the preferred option of these countries, something that has helped to reinforce a perception of concurrence between Canada and Mexico for the attention of the United States.

Thus, while sharing the North American region has acted as, and will continue to be, a very powerful linkage between these two countries, the encapsulation of the bilateral relationship in this sphere may diminish its perceived potential,

particularly as both countries are trying to deepen relations with a heightened security-concerned United States. As Canada revisits its foreign policy this year, it is important to recall that Mexico was seen both as a trading partner in NAFTA and as a bridge for Canada to reach the rest of the Western Hemisphere. It is thus necessary to bring other aspects of the relation to the fore, that while not as visible, also represent important opportunities to strengthen bilateral cooperation in regional and international settings.

In previous papers FOCAL has explored the Canada-Mexico bilateral relationship seeking common interests and ways to overcome differences in the debate about the future of North America and to respond to changes in Mexico, particularly after that country's federal election in 2000. Some of the recommendations made in these papers have been picked up in the special reports *Partners in North America* (2002) and *Mexico: Canada's other Partner* (2004), issued by the Standing Senate Committee on Foreign Affairs of Canada. Despite the relevance of two official documents in assessing the bilateral relationship, understanding of this relationship remains incomplete and this lack of knowledge constitutes one of the main obstacles when making the case about the need to strengthen it.

This paper sets out to illustrate the nature of the Canada-Mexico bilateral relationship and to identify some of the potential areas for mutual cooperation. In the remarkably short span of the last ten years, Canada and Mexico have developed a more dynamic and mature relationship based on frequent exchanges within ad hoc working groups and informal exchanges that cover a broad range of economic, political and social issues, including human rights, elections, good governance, federalism, and

trade; all of them priority areas for Canada's foreign policy. While this strategy has enabled both countries to deal with these issues in a very flexible way and with visible and concrete results, thus facilitating the strengthening of their bilateral relationship, this relationship is practiced in so many areas at lower levels of government that although effective it remains invisible for the people who are not involved in it directly. The challenge for these two countries as they try to redefine their foreign policy (and with it their role in the world) is to build on the achievements of this bilateral relationship and to take it to the next level.

### **CANADA AND MEXICO AT THE CROSSROADS: PLANNING FOR A STRATEGIC ALLIANCE?**

Once more, Canada and Mexico are immersed in the redefinition of their foreign policies. In Mexico, this process was first triggered by the electoral victory of Vicente Fox in 2000. Domestically, the agenda for change included a number of reforms to consolidate the democratic process that brought him to power and to create the conditions for stronger economic performance and better income distribution. Some of the government's initiatives have already been implemented with a high degree of effectiveness (e.g. the one year-old Access to Information Act).<sup>2</sup> Others, such as the initiatives for structural reforms (e.g. fiscal and energy reforms) have encountered great opposition in the Mexican Congress and remain stalled.

As ambitious as his domestic agenda, Fox's foreign policy set out to change Mexico's place in the world by fostering a stronger and more activist role for Mexico in the Hemisphere and in multilateral fora, by promoting democracy and human rights in the world, by reaching out to Mexican communities abroad, and by diversifying Mexico's foreign relations; but also, and very importantly, by anchoring the future of Mexico to North America with a long-term vision of the process of integration, which included inter alia the creation of supranational institutions, labour mobility, the establishment of social funds to reduce regional asymmetries and eventually a common currency.

Besides the reordering of priorities, Mexico's new foreign policy strategy included deeper reforms. From the perspective of the reformers, Mexico had achieved an outstanding presence in the world economically through its network of free trade agreements and by

participating in important economic fora, but the equivalent political weight was lacking. Just as happened in the late 1980s, in 2000 Mexico's perception was that in an increasingly interconnected world Mexico's interests were better served if the country participated actively in the configuration of the new international system and if it took on greater international political responsibilities. In order to do so, the Ministry of Foreign Affairs (SRE) needed to be strengthened, both through a redefinition of the principles that had guided Mexico's international behaviour in the past (including the interpretation of the Carranza and the Estrada Doctrines),<sup>3</sup> and by shifting the power to promote Mexico's economic interests—lodged in the Ministry of Trade and Industry (SECOFI; now called Ministry of the Economy, SE) during the negotiations of NAFTA—to the SRE.

As in any reform process, some time will be needed before these changes fully consolidate into a new reality, and although Mexico has acted in a more pragmatic way, for instance, in relation to condemning human rights in the world, some observers still have doubts about the continuity of this foreign policy in the event that there is an alteration of power in the federal elections of 2006. Regardless of the debate about whether this is a partisan or a state initiative, Mexico's reassessment of its place in the world and the strategies it should deploy to ensure its interests is an ongoing process.

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*(...) Mexico's new foreign policy strategy included deeper reforms*

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In this reform, Mexico has looked to Canada, not only as a model on how to encourage the consolidation of democratic institutions and to foster sustainable development, but also as a strategic partner. Mexico's definition of this strategic partnership is broad and has evolved over time to include different aspects of the relationship with a strategic goal of trying to appeal to Canada. Overall, it recognized that the relationship was growing stronger as economic exchanges, political ties, and social interactions between the two countries increased, and that these linkages had more potential as both countries found commonalities of views in settings such as North America, the Western Hemisphere and international fora.<sup>4</sup> However, it should be noted that in his last two annual State-of-the-Nation addresses, President Vicente Fox framed the relationship with Canada within more narrow areas and the objectives were established more in the short-term than in the longer-term. Although this would seem coherent given the

emphasis on migration of the current administration and the fact that this is the last third of Fox's mandate, it is also true that Canada has maintained a cautious position toward Mexican overtures and has opted to wait instead of responding aggressively.

The new government of Prime Minister Paul Martin has initiated a review of international policy. The first such comprehensive policy review since 1995, the review should ensure to explore Canada's influence in the world, to create the conditions to advance toward a 21<sup>st</sup> century economy and to strengthen the country's social foundations in a context where globalization and security have become central. A Task Force with a mandate to develop new policy guidelines for diplomacy, trade, defence and development was established in February and will present its report sometime in the fall. There are, however, some clear brushstrokes of Canada's new foreign priorities:<sup>5</sup>

- A clear move towards the strengthening of the bilateral relation with the United States.
- The need to enhance Canada's relations with emerging markets, particularly with China, India and Brazil.
- The enhancement of Canada's influence in the Americas, seen as a niche for Canadian expertise in democracy and good governance.
- Canada will work with other countries to strengthen international organizations and to foster clear international and regional dispute-resolution mechanisms.

Canada, as does Mexico, recognizes that in order to have a stronger voice in the world it has to work simultaneously to deepen its relationship with the United States and to strengthen its position in international organizations. The question that emerges is where does Mexico fit in within Canada's new priorities? Although Mexico is not explicitly included in any of the priorities mentioned above, the Standing Committee on Foreign Affairs of Canada has underscored the relevance of Canada's relationship with Mexico within North America by drafting a special report on Mexico. The challenge for Canada in the re-evaluation of its foreign policy is to take this relationship to the next level, and to respond decisively to Mexico's proposal for a strategic partnership by defining the areas and the means to work jointly within different regional spaces and multilateral fora.

## THE BILATERAL RELATION: NOT ONE HIGHWAY BUT MANY ROADS

Conceptually structured around three principles—convergence, coincidence and complementarity—the bilateral relationship between Canada and Mexico allows for great flexibility in the determination of the objectives within the economic, political and social spheres, the pace to discuss them, and the delimitation of the regional settings for cooperation. This is clearly illustrated by a comparison between the Declaration of Objectives of the Mexico-Canada Relationship of the mid-1990s, and the document Mexico and Canada: Friends, Partners and Neighbours of 2001. In the first document there is a clear predominance of the economic agenda—something in tune with the foreign policy objectives of both countries at that time. In the later, although the economic agenda remains important, bilateral political cooperation has become particularly active in the areas of the consolidation of democracy and the expansion of good governance practices.

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### *The question that emerges is where does Mexico fit in within Canada's new priorities?*

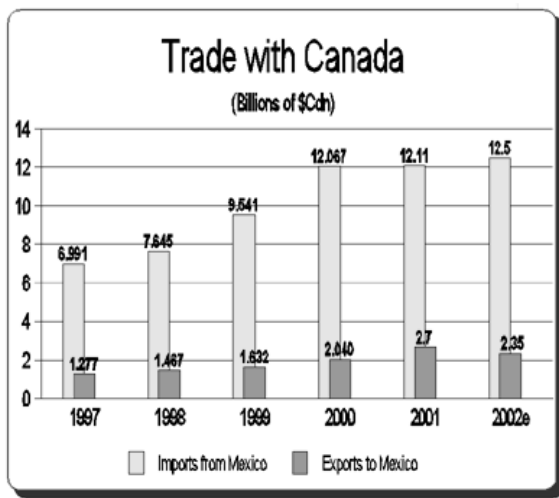
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In general terms, the Canada-Mexico relationship is composed of two-pronged, but intertwined, dynamics: one bottom-up and the other top-down. It includes, on the one hand, a multiplicity of issue-driven person-to-person exchanges; and on the other, a set of government agreements and memoranda of understanding, that over the last decade have materialized in the establishment of numerous technical working groups and formal and informal interactions between government officials on various economic, political and social areas. While making an inventory of all these exchanges is beyond the objective of this paper, it is important to note that collectively these exchanges have helped to set the basis for greater mutual knowledge and to develop a more mature bilateral relationship.

Without doubt, economic exchanges fostered under NAFTA have been the engine for a more dynamic bilateral relation. In a decade, trade between Canada and Mexico has tripled (representing approximately over US\$12 billion), and Mexico is currently Canada's fourth largest commercial partner while Canada is Mexico's second largest partner. Investment has also increased dramatically. With little presence prior to NAFTA, currently there are approximately 1,400 Canadian firms working in Mexico, including a large contingent of small and medium enterprises (SMEs), which together represent an accumulated investment of \$3.2 billion. More important than these

figures is the fact that during this decade the two countries have opened spaces to discuss and negotiate economic disputes without affecting the totality of the relationship or, more importantly, allowing periodic disagreements to overly influence the closeness of the relationship. (The same, for example, is not the case between Canada and Brazil). The negotiated solution in November 2003 to a two-year dispute over the use of satellite orbits seems to be miles away from the handling of the dispute over a public bid for Mexico City's subway between Bombardier and the government of Mexico City in 1997, which led to a temporary cool-down of the bilateral relationship and the eventual and early return to Canada of the then Canadian Ambassador.



Source: Statistics Canada

Looking ahead, there is room to deepen economic relations. With a GDP of approximately US\$626 billion in 2003, and a population of over 100 million inhabitants, Mexico is currently not only the largest economy in Latin America, but also the country that Canada knows best. Opportunities for cooperation in the areas of border management, energy, infrastructure development, science and technology, management of natural resources, and in the financial sector will increase as NAFTA members advance in the establishment of compatible standards and regulations, in dismantling remaining trade barriers, and as Mexico sets the ground to move from industries based in low-value goods to a knowledge-based economy.

Although not as visible as economic relations under NAFTA are, the political agenda has been particularly fruitful in the transition and consolidation of democratic institutions in Mexico. Cooperation between Canada and Mexico has proliferated under the Fox administration and covers various aspects of democracy and good governance, including access to

information, federalism, transparency and fight against corruption, modernization of the public service, human rights, judicial reform, and e-government. One of the most salient examples is that of electoral cooperation, which was first initiated with a Memorandum of Understanding signed in 1996, forging a strong relationship between Elections Canada and the Mexican Federal Electoral Institute (IFE). This close cooperation not only served to advance the development of clean elections in Mexico and to strengthen IFE, but also convinced both parties on the utility of practical cooperative endeavours where the electoral systems in both countries could be improved. Moreover, with high levels of public trust, IFE is now acknowledged internationally as a model for the organization of elections, and forms part of the Institute for Democracy and Electoral Assistance (IDEA) with Elections Canada. Another important, and more recent experience of political cooperation, is Mexico's Access to Information Act, enacted in 2003 (and along with it, the creation of the Federal Institute for Access to Public Information, IFAI). Modelled after Canada's Access to Information Act, and with only one year of existence, it has been identified as one of the most important advancements in terms of fostering government's transparency in Mexico and an important initiative within the good government agenda.

But political relations have not just been maintained at the federal level. Provincial and state governments are starting to play a greater role in foreign affairs, and this dimension of the bilateral relationship is likely to become more salient as Canada's federal government seeks to further encourage an active role internationally for Canada's provinces and Mexico strengthens its federal system. As part of this reform, Mexico seeks to provide state governments greater autonomy in terms of jurisdiction, sources of income, and in the promotion of economic development. This has been reflected in the engagement of state governors in international missions to promote trade and investment. It is within that framework that the governors of Querétaro, Veracruz, Hidalgo, San Luis Potosí and Nuevo León came to Canada between 2003 and 2004.

Overall, sub-national contacts are not new in the bilateral relation. The first experience was the establishment of an office of representation of the government of Quebec in Mexico City in 1985, which includes a Mexico-Quebec Working Group in charge of determining the priorities of their bilateral agenda. However, provincial and state governments have begun to play a more important role in the promotion

of their regional interests abroad particularly since the 1990s, as a result of the process of decentralization that has taken place in both countries. Following Quebec's footsteps, and after a couple of Team Canada trade missions, the government of Alberta established an office of representation in Mexico City in 2002 to promote its interests in agriculture and the energy sector, and to foster cultural exchanges.

Provincial governments are not only working with the Mexican government. There is a trend towards greater exchanges at the provincial/state level and to the establishment of city sisterhoods. These agreements aim to share information on issues of mutual interest and to strengthen bilateral trade, investment, and cultural exchanges. In most cases these agreements are established because of commercial interests, but state and provincial bonds are also being constructed by pockets of migrant communities, that though not relevant in terms of numbers, will eventually enhance the bilateral relations at the sub-federal level. Such is the case of the families that go back and forth between Manitoba and Jalisco. At the provincial/state level, connections have also, for example, been established between Nova Scotia and Campeche. At the municipal level, a number of links are working, including those between Edmonton and Guadalajara, Gatineau and Querétaro and Calgary and Zapopan, among others.

#### THE INFRASTRUCTURE OF THE RELATIONSHIP

Since the establishment of bilateral diplomatic relations, Canada and Mexico have opted for a very loose institutional framework and have instead relied more upon personal exchanges. The sole formal institutional mechanism they created is the Joint Ministerial Committee (JMC) headed by the ministers of Foreign Affairs of the two countries, which dates from 1968. The objective of this Committee is to provide a space for discussion about common areas of interest and to determine the strategic objectives within the relationship, as happened in 1996 when the JMC drafted the Declaration of Objectives of the Mexico-Canada Relationship. Aside from the JMC, political relations are also structured under executive and inter-parliamentary meetings.

Measured by the frequency of encounters, the use of these mechanisms and spaces has acquired greater relevance since the 1980s, although at different

levels. For instance, between 1968 and 1999, the JMC met 13 times, five of which took place between 1989 and 1999. Since then, there has not really been an all-encompassing ministerial meeting. If one-on-one contacts between individual Ministers from Mexico and Canada have increased in frequency and intensity then more formalized or structured mechanisms such as the JMC may become less relevant to real progress.

The frequency of executive meetings has also increased dramatically since the late 1980s and it is currently a tradition to arrange bilateral meetings whenever the two leaders coincide at international gatherings: from eight encounters between 1959 and 1989, the leaders of the two countries have met over 25 times between 1989 and 2004—just between 2000 and 2003 former PM Jean Chrétien and Vicente Fox met seven times.<sup>6</sup> As a symbol of the relevance that is given to the relationship, former Mexican President

Ernesto Zedillo made Canada his first foreign destination, as did Vicente Fox as President elect in 2000. More recently, PM Paul Martin made the same gesture towards Mexico, when he attended the Special Summit of the Americas in Monterrey in 2004.

The most recent and important change is perhaps the higher profile that inter-parliamentary meetings have acquired in light of the new role played by the Mexican Congress in policy-making since 1997.<sup>7</sup> Recently, a group of friends was created to strengthen inter-

parliamentary exchanges between the two countries. Legislators from both countries have also proposed to increase the frequency of the inter-parliamentary meetings, which currently take place every two years, and to establish bilateral working groups on areas of interest including NAFTA, energy, foreign policy, and good governance. Canadian and Mexican legislators also meet and work together in the context of the Inter-Parliamentary Forum of the Americas (FIPA).

Despite the loose framework in which the relationship is structured, both countries have made adjustments within their domestic institutions. (Though Canada has probably engineered the largest institutional changes). These changes respond to the need to address NAFTA-related issues, to deal with a politically more dynamic relationship, and to cope with new domestic, and sub-national realities in the two countries.

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*Mexico in Canada's institutional architecture:* One of the most important institutional changes that resulted from NAFTA was the creation of a special division to deal with Mexico within the Department of Foreign Affairs and International Trade (DFAIT),<sup>8</sup> as well as the progressive incorporation of Mexico within the North American Divisions of other Departments and Ministries of the Canadian government (e.g. Agriculture, Environment, Natural Resources). Canada has also allotted more resources (people/time) to the Canadian Embassy in Mexico, which currently has a staff of 100 persons (30 Canadian diplomats, and 70 local staff), and in 2000 established a Congressional Relations Unit to deal directly with Mexican lawmakers,<sup>9</sup> which has already engaged in lobbying Mexican legislators (e.g. as it did in 2002 in favour of President Fox's energy bill). Although independent from Foreign Affairs, the Ministry of Agriculture, Export Development Canada (EDC), the Government of Alberta and the Canadian Education Centre are hosted by the Canadian Embassy in Mexico. Aside from the Embassy, Canada has a network of 10 consulates, and this year the consulate in Monterrey was upgraded to a Consulate General, and hosts as well a representation of EDC.

*Canada in Mexico's institutional design:* In Mexico, rather than a drastic institutional restructuring, the major change has been the increased attention paid to Canada since the signing of NAFTA. Within the Under Secretariat for North America there are 12 people that work on Canada, 5 of them exclusively. Aside from this, at the SRE there are 43 officials in charge of following Canada's positions in various multilateral fora and to deal with specific topics, including one person working exclusively on the Seasonal Agricultural Workers Program (SAWP) within consular services at the SRE. The Mexican Embassy in Ottawa is one of the most important embassies for Mexico, with approximately 50 staff.<sup>10</sup> Similar to Canada, the Mexican Embassy hosts other Ministries, e.g. Agriculture and Economy. Aside from the Consulate General at the Embassy, Montreal, Toronto and Vancouver each have one as well. There are also 6 honorary consulates, including the recently inaugurated office in Calgary.

Parallel to these bilateral instances, both countries have favoured the development of pragmatic exchanges between ministers, senior officials and policy analysts to address specific agendas. It is in these ad hoc technical groups that Canada and Mexico have exchanged information and ideas, sought areas

of convergence, and benefited from the evolution of converging viewpoints. More importantly, these interactions have created the basis for mutual knowledge and the establishment of trust relationships. These exchanges are carried out on a regular basis and independently from the activities of other departments and ministries, of the JMC, of the executives, or the Inter-Parliamentary meetings. Examples of these groups abound. For instance, within Foreign Affairs, the Mexican Under Secretary for North America generally meets with the Canadian Deputy Minister of Foreign Affairs every six months to discuss about the bilateral agenda and foreign policy. There is also the Policy Planning Group on Foreign Affairs to exchange and compare information on foreign policy formed by senior officials and senior policy analysts. Established in 1996, this group was reactivated last year with a meeting in Vancouver.

The advantages of using these bottom-up strategies to build the relationship are that they enable both countries to deal with each other in a very flexible way and to incorporate or to remove issues from their bilateral agenda as needed. It also allows the stakeholders to deal with the issues in a non-politicized way, without having to maintain an elaborate institutional structure. However, they also have three important shortcomings:

- Perhaps the most important one is that since the relationship is so atomized among different sectors, groups, and government technical groups at operational levels, it is difficult to grasp it in its totality—it becomes intangible. The development of a clear overarching line linking all of these interactions remains one of the main challenges in order to attract attention from media, analysts and sometimes even policy-makers, particularly when making the case about the relevance of the relationship.
- The second shortcoming has to do with the lack of information that limits the capacity of Canada and Mexico to extrapolate successful experiences from one sector to another, not just within the context of their bilateral relation, but also to foster bilateral cooperation in North America and the rest of the Hemisphere.
- Lastly, while relying on personal relations has functioned well to date, the relationship is dependent upon the commitment of the people involved.

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## ***Paving the way for a more institutionalized relationship?***

The remaining question is whether greater institutionalization would serve to elevate the profile of the relationship. At this moment, neither country seems to be receptive to the idea of further institutionalizing the bilateral relationship. In the absence of major conflicts, Canada and Mexico do not see the need to incur into the costs of maintaining institutions. However, considering the type of relationship that has evolved between these two countries and the considerable exchanges that have taken place between their leaders and government officials over the last decade, it is absolutely necessary to start to design the strategic line that would enable these countries to capitalize from the level of development of the relationship in order to cooperate more closely in the region (i.e. to give a real and very practical meaning to the “strategic partnership”).

In the last several years, due to the independent exchanges of these various working groups, the relevance of the JMC as the strategic definer of the relationship has been displaced. However, the Department of Foreign Affairs and the SRE, as coordinators of the JMC, could undertake a domestic follow-up of the multiple linkages between Canadian and Mexican ministries and use the inter-departmental meetings to assess different ideas, disseminate information, and take advantage of the networks that already exist between the two countries to identify areas where they could potentially work jointly. Because of their position within their respective countries, they are well placed to act as interlocutors for other government departments and to compile the numerous spaces that compose the relationship. Thus they are the best suited to provide the long-term vision, needed to propel the relationship one step further.

### **THE ROADS UNDER CONSTRUCTION**

Most analysts of this relationship agree that the main differences separating Canada and Mexico are foreign policy, security and levels of economic development.<sup>11</sup> These divergences are at the heart of most of the uncaptured opportunities of the relation. Despite the advances made since 2000, greater efforts to exchange ideas and viewpoints should be made in these areas, in order to consolidate a strategic

partnership, in which Canada would like to see Mexico assuming greater responsibilities to enhance security and to promote development in the region.

### ***Foreign policy and security***

Mexico's traditional foreign policy thinking, based in non-intervention and self-determination, combined with its preference for pragmatic bilateral relations, has clashed many times with Canada's multilateral commitments, particularly in the Americas. Illustrations of this include the lukewarm support Mexico gave to the creation of the Unit for the Promotion of Democracy at the Organization of American States (OAS) and to the successful negotiation of the Free Trade Area of the Americas (FTAA), as well as the disagreements with Canada regarding the concept of human security and the responsibility to protect. In the case of the FTAA—which itself is in serious trouble at the

moment—Mexico's initial approach was quite obstructionist reflecting a view that Mexico's interests would not be served by “sharing” preferential access to the US market. Recently, however, Mexico's position has been more open and supportive of the initiative.

However, changes in Mexico's foreign policy have enabled cooperation with Canada in initiatives such as the Treaty to ban anti-Personnel Land Mines in 1997 and the creation of the International Criminal Court. With the Fox administration, Mexico's foreign policy has moved closer to positions that would

traditionally be defined as Canadian. Unthinkable even some years ago, Mexico has progressively assumed a more open position regarding the inclusion of human rights in the bilateral agenda,<sup>12</sup> and has even requested the United Nations and well-known human rights organizations (e.g. Amnesty International) to open special offices in Mexico and to write special reports about the human rights' situation in the country. Similarly, Mexico has changed its former position regarding the principle of non-intervention to condemn human rights violations, as it did with Cuba at the U.N. Human Rights Commission this year.

In recent years, Mexico has taken a few steps to redefine the concept of security—an issue that for years has prevented Canada and Mexico from acting more closely in international fora, even if both

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countries support the peaceful resolution of conflicts and praise the role of multilateral organizations in this endeavour. Mexico's new definition of security has gradually moved beyond the traditional one centred on the state, to one that emphasizes the need to attend the causes of instability, such as extreme poverty, environmental degradation, or human rights violations (i.e. a definition closer to the concept of human security that Canada promotes).

Also, to enhance Mexico's role in world affairs, Jorge Castañeda, former Minister of Foreign Affairs, brought to public debate the need to participate in peacekeeping operations. Mexico's participation in this type of operations is not new, but it has been focused on civilian activities related to peace building, such as police and electoral training, medical and humanitarian assistance, and assistance in the development of social programs.<sup>13</sup> Some examples are the provision of police observers in El Salvador (ONUSAL in 1995), and the electoral assistance provided to East Timor and, recently, to Iraq.<sup>14</sup> Mexico is also exploring the possibility of offering Haiti police training, which would probably take place in Mexican territory.<sup>15</sup>

The key debate at the domestic level, and in the context of the bilateral relation, is about the participation of Mexican troops in peacekeeping operations. Currently, Mexico's Armed Forces need the consent of the Mexican Senate to leave the country and the possibility of getting it is dim, particularly in light of public reaction in Mexico opposing military intervention in Iraq. Moreover, beyond the legal constraints, it should also be said that Mexico's army is under-funded and with other priorities in the list including health, education, infrastructure, and without additional revenues, the Mexican government is not a position to increase significantly the budget to its Armed Forces. Mexico's military participation in peacekeeping operations thus will not happen in the near future, as has been reiterated by President Fox.

However, Mexico is setting the ground for a domestic debate in the future. In 2002 the SRE, in collaboration with the government of Canada, the Pearson Peacekeeping Centre and the United Nations Department of Peacekeeping Operations organized a workshop in Mexico to disseminate information about peacekeeping operations for members of the

Mexican Foreign Service, legislators and academics interested in security and peacekeeping operations. And this builds on the training courses that military officers and diplomats have taken at the Pearson Peacekeeping Centre in Nova Scotia. Through formal and informal dialogue, Canada can continue to encourage this evolution in Mexican thinking and can be particularly helpful in pointing to some directions where a more active and engaged Mexico could serve common or regional interests, especially as other of the major countries in the region such as Brazil and Argentina are beginning to get involved in this type of activities in the Hemisphere (e.g. Haiti).

### ***Development***

Although in 2004 Mexico has reassumed economic growth and the forecasts for the rest of the year point to an economic growth between 3- 4%, the need to reduce poverty levels and to develop the poorer areas of the country remain important challenges. With or

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without structural reforms, the development of other competitive advantages (e.g. human capital, science and technology, infrastructure and the creation of linkages between export industries with the domestic market) is imperative for Mexico in order to face the competition from other emerging markets, particularly from China. Mexico has to move away from a low-cost labour and low-value-added economy and position itself at the next level within the production chain.

Mexico has sought Canada's support for its domestic projects to reduce poverty and to create the conditions for sustained economic growth, but Canada's reaction has been rather conservative. A member of the OECD, Mexico does not qualify as an aid recipient, and the only funds that CIDA allots to Mexico are destined to local development initiatives managed by the Canadian Embassy in Mexico, which are awarded to local and Canadian non-governmental organizations. Beyond domestic initiatives, the Fox administration proposed two transnational development initiatives: the establishment of social funds in North America and the Plan Puebla Panama (PPP). The former is modelled after the cohesion funds used in Europe, and the later was conceived as a regional development plan comprising Mexico and Central America whereby public and private co-investment would be used to create infrastructure

and the necessary conditions to attract investments into this region. Canada's reaction to these schemes has been lukewarm, especially with regards to the creation of social funds in the North American context, where Canada's perception was that Mexico would be the main beneficiary.

Instead, Canada favours traditional schemes to support development projects such as the Inter-American Development Bank (IDB). However, Canada is closely observing the implementation of the U.S.-Mexico Partnership for Prosperity and is beginning to show more interest in working together with Mexico in the PPP to foster development in Central America.

### **MAPPING OUT COMMON SPACES**

In a decade Canada and Mexico, through multiple encounters and exchanges of information, have moved to a more mature bilateral relationship. Although not known by many, Canada's agenda with Mexico covers most of the areas identified as a priority in the region (e.g. promotion of SMEs, good governance, government's transparency, human rights). Moreover, cooperation has resulted in important initiatives such as the *Access to Information Act*, and the strengthening of institutions such as IFE, which currently has worldwide reputation. However, there are other areas where they could work together, not only in the context of their bilateral relationship, but also in other regional spaces where both could cooperate make use of their own expertise.

#### ***Bilateral relations***

Canada can contribute to Mexico's development through knowledge sharing.<sup>16</sup> Specifically, Canada could enhance cooperation on science and technology with Mexico and share its experiences in the development of economic clusters, the promotion of SMEs (e.g. business incubators) and to link public and academic centres for research and development (R&D) with productive entities (e.g. NRC's Industrial Research Assistance Program).

Harmed by domestic scandals based on lack of transparency in the use of public funding, both governments need to work on developing stronger oversight mechanisms to regain trust. Another important aspect to work on the political agenda is the reform of the judiciary and of the different institutions in charge of security.

There is also room for bilateral cooperation in areas that PM Paul Martin has identified as priority (e.g. aboriginal affairs, infrastructure, and the strengthening of cities). These issues are not only Mexico's priorities as well, but there are also institutional parallels that could serve to link the newly created offices within the Prime Minister Office to deal with those issues.

#### ***In North America***

Pragmatism and security are the two most salient features of the new phase of integration in North America. On the one hand, the three countries have favoured the establishment of sectoral working groups to work (bilaterally and trilaterally) to dismantle trade barriers mainly on regulations and market access, but also to assess the possibility of developing common policies—e.g. North American Energy Working Group (2001), the North American Biotechnology Initiative (2002), and the North American Steel Trade Committee (2003). And on the other, they are discussing under bilateral schemes

with the United States measures to ensure security in the region (e.g. NORAD and the creation of a security perimeter, border management, construction of infrastructure in the U.S.-Mexico border). These talks sometimes include the presence of the other country as observer; something that could eventually be the seeds of a better understanding of the their counterparts. However, much needs to be done in this area.

While Mexico has sustained its support for trilateralism within North America, Canada seems to prefer the maintenance of a direct and exclusive rapport with the United States. Illustration of this are the creation of a Cabinet Committee on Canada-U.S. relations led by the Prime Minister, and the appointment of a Parliamentary Secretary to the Prime Minister for Canada-U.S. relations. Although not new, Canada's interest to ensure its “special relationship” with the United States could be perceived in Mexico as if Canada were trying to put Mexico in the back seat in the design of the future of North American integration. In turn, any relevant initiative in the context of the U.S.-Mexico relation is seen by Canada as a potential threat to the exclusiveness of its relationship with its southern neighbour. In order to overcome distrust, both countries have to understand that enhanced relations

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with the United States does not represent a turning away from each other, nor does it represent a zero-sum game where benefits can only be secured at the expense of the other. Despite many efforts on the part of many actors, this simple proposition still meets great resistance in both governments.

These perceptions are perhaps the most important obstacle to strengthen the relationship within North America. Thus, it is necessary that Canada and Mexico learn more about the dynamics of the other's relation with the United States, even in those themes (e.g. migration, development of the U.S.-Mexico border, NORAD and other security schemes) that seem so exclusive of the other's relationship with the United States. Canada and Mexico should also continue to work on areas of common interest in North America—e.g. environment protection, management of resources (water, energy), the development of a stronger dispute settlement mechanism, and mobility of labour.

### *In the Americas*

The Americas is the region where these countries have cooperated the least, particularly within the OAS. Still seen by Mexico as a space dominated by the United States, this country tended generally to prefer a weak OAS, as opposed to Canada which has been working to strengthen not just its institutions, but also its abilities to act more actively in the region. Yet, Mexico is Canada's natural interlocutor with Latin America. This, in addition to the rapport that Canada and Mexico have developed, constitutes the basis to begin to coordinate actions to strengthen democracy and stability in the Hemisphere. And more so, in the post-9/11 context, where the United States has reduced its presence in the region, creating important opportunities for other countries to fill those gaps.

There are already important experiences of bilateral cooperation in Central America (in the context of the Anti-personal mines campaign), whereby each country has provided its own expertise. However, there is room to multiply this type of experiences in other important areas such as electoral assistance. There is also room for cooperation in the Andean Region and the Caribbean. For instance, Canada could support the role of Mexico as facilitator to the rapprochement between the Colombian government and the National Liberation Army (ELN), by helping to bring the issue

into the OAS as part of the broader peace negotiation process with multilateral supervision. In the Caribbean, further dialogue between Canada and Mexico should be fostered to work together in Haiti and Cuba. In Haiti, Canada and Mexico could coordinate humanitarian efforts. Aside from that, Mexico has been contemplating providing police training through the Federal Preventive Police (PFP)—a militarized police—either in Haiti or in Mexico. Canada should support these initiatives, but more importantly, Canada should try to coordinate with Mexico in order to complement each other's activities. In Cuba, both countries have had, and continue to have, bilateral difficulties working with and managing their respective relationships with the Cuban government.

### *United Nations*

Contrary to what has happened in the OAS, the United Nations (UN) has been a venue where Canada and Mexico have found many spaces for cooperation, particularly since 2000, in themes such as human rights, disarmament, and the International Criminal Court. It is interesting to note, however, that at this level these countries have been able to work together in areas of common interest, even regardless of the position of the United States. The clearest example of that is the cooperation that these countries had in terms of exchanging information, and acting as mediators, trying to build support within the international community to ensure that

any decision regarding disarmament in Iraq was addressed within the UN. The works for the reform of the United Nations should also serve to encourage Mexico to assume greater international responsibilities.

### **CONCLUSIONS**

There is no doubt that NAFTA has been an important engine for the Canada-Mexico relationship. Mexico is currently Canada's main partner in Latin America and there is room to enhance economic exchanges as the three North American countries continue to integrate economically. Mexico has also promoted aggressively an agenda to deepen North American integration, where it has identified Canada as a strategic partner. While Canada has recognized the relevance of Mexico within North America, it still prefers bilateral dealings with the United States. Compared with the US, the resources and political capital expended in Mexico are

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minimal, and that will not be better as Canada moves toward deepening its relationship with the United States. Thus, the perception of the relationship becomes limited if it is encapsulated exclusively in North America. Canada should remember that its relationship with Mexico is grounded in North America, while serving as a bridge to Latin America.

What has been achieved in the bilateral relationship in various issues through trust relationships among government officials constitutes a relevant opportunity to strengthen cooperation in the Americas, particularly as both countries have increasing common or complementary interests in the region. The recuperation of this dimension is perhaps the only way to give the relationship its strategic weight. Moreover, the numerous exchanges between Canada and Mexico will without doubt be the basis of the relationship in coming years. Most of these achievements, however, are currently off the radar and remain invisible for most people in these two countries. The lack of a mechanism to take stock of and link these experiences bilaterally and a long-term vision of the relationship prevents positive experiences from being used as a platform for joint actions by these two countries in the Americas. We strongly hope that the visit to Canada of President Fox in October will provide the opportunity to advance current exchanges between the two countries but also to assess where they would like to take this relationship in the future.

#### **RECOMMENDATIONS:**

##### **Canada:**

- Canada should not wait much longer to respond to Mexico's proposal for a strategic alliance, and should define how it sees its relationship with Mexico. (This is important to disperse Mexican concerns about Canada's interest to deepen its relation with the United States, particularly with regards to the design of the future of North American integration).
- Using existing relationships between government officers and the frequent encounters that they have, Canada should explore the possibility of moving from exchanging information to greater coordination in the Western Hemisphere in areas of interest in the region.

##### **Mexico:**

- Although Mexico has devoted more resources/people to strengthen its relationship with Canada, Mexico needs to be more constant in terms of being visible in this country.
- There is still a need for greater presence and clarity in the definition of strategic relationship with Canada.
- Continue to integrate Canada in the discussions of North America, and also within their bilateral discussions with the United States on themes such as migration, environment protection, and infrastructure projects.

##### **Long-term recommendations:**

- Canada should seek to define a long-term plan for its relationship with Mexico. Having good rapport at lower and higher levels of governments, what is lacking is a strategic vision of where these countries would like to take this relationship in the future.
- To do so, Canada's Department of Foreign Affairs and SRE are strategically positioned to recuperate the achievements of the bilateral relationship and to coordinate with other ministries. Only by giving content to the strategic relationship, will it become more tangible, and thus feasible.

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## ENDNOTES

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1 This is a mega-project comprising 3,400 kilometers of highway that is meant to create a large trade corridor connecting the three NAFTA members, going through Windsor-Detroit and Laredo-Nuevo Laredo, the two main border crossings in North America.

2. Officially called Federal Act of Transparency and Access to Public Information (*Ley Federal de Transparencia y Acceso a la Información Pública*).

3. Mexico's foreign policy is based on its experiences during its consolidation as an independent state (*the Carranza and Estrada Doctrines*) and on the principles later established in the UN Charter (self-determination, non-intervention, peaceful resolution of conflicts, international cooperation to achieve development and to ensure international peace and security, legal equality of the states, and the proscription of the use of force in international relations), which are enshrined in the Mexican Constitution (Art. 89).

The Estrada Doctrine defends the right of self-determination and rejects the use of recognition by other governments as a tool to influence into other country's domestic affairs. The Carranza Doctrine establishes equality among states and rejects any type of intervention in the domestic affairs of other nations.

4. Vicente Fox, *Informes de Gobierno*, 2001, 2002 and 2003.
5. Department of International Trade, *Opening Doors to the World. Canada's International Market Access Priorities – 2004*, Forum of experts organized by FOCAL; Office of the Prime Minister, *Changes to Government*.
6. Duncan and MacLean, 1999, 40.
7. In the mid-term elections of 1997, the PRI lost the absolute majority in the Chamber of Deputies, which made imperative the need to construct legislative alliances in order to pass legislation that would imply Constitutional amendments. In 2000, the PAN, although with the largest number of seats in the chamber of Deputies, was unable to win the majority. And the Senate was dominated by the PRI (Woldenberg, 2000).
8. The Department of Foreign Affairs and International Trade was divided into Foreign Affairs and International Trade in 2004, with the purpose of strengthening Canada's capacity to foster its presence in the world and to serve as a tool to promote science and technology.
9. Canada only has this type of units in the United States, Japan and Brazil.
10. This figure includes members of the Foreign Service, domestic staff, and representatives from the other ministries working from the embassy.
11. (Castro Rea, Duncan and MacLaren, and Studer)
12. In 2000 Vicente Fox included a number of NGOs representatives among the people who travelled with him to Canada. This was a radical contrast to Zedillo's visit, when Mexican NGO's used their linkages with Canadian NGO's to denounced human rights violations in Mexico.
13. Mexico has also been a financial contributor for peacekeeping operations; last year 40% of its total contribution to the United Nations was allotted to finance them.
14. Jacqueline Peschard and Alonso Lujambio, two ex-members of Mexico's Federal Electoral Institute (IFE), were included into the U.N. Commission that will be in charge in supporting the electoral process for January 2005 in Iraq. The U.N. had also sought support directly from IFE, which organized a workshop in Mexico for Iraqi delegates that will participate in the electoral commission organizing the elections.
15. García, 2004.
16. Wilson-Forsberg, 2002.





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